

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF NORTHERN KENTUCKY)	
WATER DISTRICT FOR AN ADJUSTMENT OF)	CASE NO. 2015-00143
RATES)	

COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION
TO NORTHERN KENTUCKY WATER DISTRICT

Northern Kentucky Water District ("Northern District"), pursuant to 807 KAR 5:001, shall file with the Commission the original and one copy in paper medium and an electronic copy of the following information. The information requested herein is due within 28 days of the date of this request, or 14 days after the filing of Northern District's application for a rate adjustment, whichever occurs later. Responses to requests for information shall be appropriately bound, tabbed and indexed. Each response shall include the name of the witness responsible for responding to the questions related to the information provided.

Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

Northern District shall make timely amendment to any prior response if it obtains information which indicates that the response was incorrect when made or, though

correct when made, is now incorrect in any material respect. For any request to which Northern District fails or refuses to furnish all or part of the requested information, Northern District shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention should be given to copied material to ensure that it is legible. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request. When filing a document containing personal information, Northern District shall, in accordance with 807 KAR 5:001, Section 4(10), encrypt or redact the document so that personal information cannot be read.

1. a. Provide a complete copy of the work papers, calculations, and assumptions Northern District used to develop its pro forma test-period financial information.

b. Provide the work papers, calculations, and assumptions requested in Item 1.a. in Microsoft Excel format.

2. For each employee salary increase granted in calendar year 2014 or 2015, provide the minutes of each meeting of Northern District's Board of Commissioners in which the salary increase was discussed and approved.

3. List each of Northern District's non-regulated business activities. For each activity, describe the Northern District accounting policies and procedures that ensure that regulated rates do not subsidize the activity.

4. Provide a schedule listing each project included in the test-period Construction Work in Progress. Include a detailed description of each project listed in the schedule.

5. a. Provide a test-period general ledger showing account number, subaccount number, account title, subaccount title, and all entries to each account. For each entry, state the date paid, vendor name, check number used to make payment and the amount. The general ledger shall include all asset, liability, capital, income, and expense accounts that Northern District uses. All accounts should show activity for 12 months. Show the balance in each control and all underlying subaccounts per company books.

b. Provide the general ledger requested in Item 5.a. in Microsoft Excel format.

6. a. For each cash account that Northern District used during the test year, provide a cash disbursements ledger that lists all checks in chronological order and details the date paid, check number, vendor, and amount.

b. Provide the cash disbursement ledgers requested in Item 6.a. in Microsoft Excel format.

7. Provide a copy of all audit adjustments made for the test-period financial statements.

8. a. List all employees who were employed by Northern District during the proposed test year. For each employee listed provide:

- (1) A form of employee identification;
- (2) Position title;

- (3) Duties performed;
- (4) Length of employment;
- (5) Total wages paid during the fiscal year;
- (6) Current salary or wage rate;
- (7) Percentage of test-period payroll capitalized; and
- (8) Type of employee benefits (e.g., health insurance, dental insurance, vision insurance, pension, etc.) and Northern District's contribution.

insurance, vision insurance, pension, etc.) and Northern District's contribution.

b. Provide the employee information requested in Item 8.a. in Microsoft Excel format.

c. Provide all calculations used to develop the percentage of test-period payroll capitalized.

9. a. Identify any employees listed in the response to Item 8.a. who are no longer Northern District employees.

b. For each employee identified in the response to Item 9.a.:

(1) If the position has been filled, identify the employee currently in the position, provide the date on which the employee(s) were hired, the actual annualized salary, and the actual benefit information. Identify the salary and employee benefit costs that are included in Northern District's pro forma operating expenses.

(2) If the position is still vacant, state the reason(s) why the position is vacant and whether Northern District intends to fill it.

(3) State the current status of Northern District's efforts to fill the position and the anticipated hire date.

c. State whether the cost of the position is included in the pro forma salaries and wage expense. If the cost is included, state separately the position costs that are included in the test-period operating expenses (e.g., payroll expenses, payroll capitalized, retirement, payroll taxes, insurance benefits) and the accounts to which each amount was charged.

10. a. Provide the employer retirement contribution rate(s) that were effective during calendar years 2012, 2013, and 2014, including the date each rate became effective.

b. State whether the Kentucky Retirement System has notified Northern District of the employer retirement contribution rate that will be charged in the fiscal year beginning July 1, 2015.

(1) If Northern District has been notified, provide a copy of the notice from the Kentucky Retirement System and the date the rate will become effective.

(2) If Northern District has not been notified, provide a copy of the notice from the Kentucky Retirement System when it is received.

11. Provide a detailed list of all fringe benefits available to Northern District employees and the actual test-period cost of each benefit and the pro forma cost. Provide comparative cost information for calendar cost years 2014 and 2015. Indicate which fringe benefits, if any, are limited to management or full-time employees. Explain any changes in fringe benefits occurring over this period.

12. Provide the most recent vendor invoice for the following employee insurance coverages:

- a. Health Insurance;
- b. Dental Insurance; and
- c. Life Insurance.

The invoices should list employees individually by name and state clearly the type of coverage provided. If the listing identifies employees by a code number, provide the name for each number.

13. a. Provide a schedule that details all test-period expenditures related to the current proceeding along with a copy of vendor invoices. The schedule should state the nature and amount of each charge. The invoices should contain detailed descriptions of the services, the amount of time billed for each service, and the hourly billing rate. Identify the account number and title to which each amount was charged.

b. Provide the anticipated total cost of the case upon completion. The projected amount should be detailed by type of service and vendor, with supporting documentation for each.

c. Provide a monthly update of the schedule requested in Item 13.a. showing all of the costs incurred as of that date. Include the supporting detailed vendor invoices as requested in Item 13.a.

14. For each debt of Northern District that is currently outstanding or was outstanding during the test period, provide a description of the use of the borrowed funds and a current amortization schedule that includes the entire life of the loan or bond and that details the payment amounts, principal retirements, interest payments, interest rates, and outstanding balances.

15. Complete the following table:

Table 1: Sub-District Surcharge Detail					
<u>Title</u>	<u>Original Surcharge</u>	<u>05/31/2015 Customer Level</u>	<u>2014 Surcharge</u>	<u>2015 Surcharge</u>	<u>Annual Collections</u>
Sub-District A					
Sub-District B					
Sub-District C					
Sub-District D					
Sub-District E					
Sub-District F					
Sub-District G					
Sub-District K					
Sub-District R					
Sub-District RF					
Sub-District RL					
Total					

16. Complete the Statement of Disclosure of Related Party Transactions Form that is attached to this request as the Appendix.

17. Provide an electronic version of the cost-of-service study filed with Northern District's application in Microsoft Excel format. All formulas contained in the electronic version should be self-contained and without any linked references to or macro commands involving external files.

18. Provide Northern District's current written policies, programs, and procedures to reduce Northern District's consumption of electricity if different than that provided in Northern District's Response to Commission Staffs Second Information Request in Case No. 2012-00072.1

19. Describe how Northern District establishes the level of compensation for its president and senior management. This description should address the role of

¹ Case No. 2012-00072, *Application of Northern Kentucky Water District for an Adjustment of Rates, Issuance of Bonds, and Financing* (Ky. PSC Dec. 20, 2012).

Northern District's Board of Commissioners in the process. Compensation includes salary and all fringe benefits.

20. Provide a listing with descriptions of all activities, initiatives, or programs undertaken or continued by Northern District since its last rate case for the purpose of minimizing costs or improving the efficiency of its operations or maintenance activities.



Jeff Derouen
Executive Director
Public Service Commission
P.O. Box 615
Frankfort, KY 40602

DATED **JUN 05 2015**

cc: Parties of Record

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2015-00143 DATED **JUN 05 2015**

**STATEMENT OF DISCLOSURE OF
RELATED PARTY TRANSACTIONS**

We swear or affirm that the information set forth below represents all transactions occurring within the past five years between Northern Kentucky Water District and related parties. For the purpose of this statement, "related party transactions" include all payments made directly to or on behalf of: 1) current employees other than their regular wages and benefits; 2) current members of Northern Kentucky Water District's Board of Commissioners other than their salaries and benefits; 3) former employees and board members; 4) family members² of any current or former employee or commissioner of Northern Kentucky Water District; or 5) a business enterprise in which a current or former employee, current or former commissioner; a family member of a current or former employee or commissioner.

Name of Related Party (Individual or Business)	Type of Service Provided By Related Party	Amount of Compensation

Check this box if Northern Kentucky Water District has no related party transactions.

Check box if additional transactions are listed on the supplemental page.

Chairman (Print Name)

(Signature)

President (Print Name)

(Signature)

² "Family Member" means any person who is the spouse, parent, sibling, child, mother-in-law, father-in-law, son-in-law, daughter-in-law, grandparent, or grandchild of a commissioner or water district employee; or is a dependent for tax purposes of the commissioner, water district employee, or the commissioner's or employee's spouse; or who is a member of the commissioner's or water district employee's household.

COMMONWEALTH OF KENTUCKY

COUNTY OF _____

Subscribed and sworn to before me by _____
(Name of Chairman of Board of Commissioners)

this ____ day of _____, 20__.

NOTARY PUBLIC
State-at-Large

COMMONWEALTH OF KENTUCKY

COUNTY OF _____

Subscribed and sworn to before me by _____
(Name of President)

this ____ day of _____, 20__.

NOTARY PUBLIC
State-at-Large

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